

# The Round World, the Square Pegs: Redesigning Organizations to Manage the Risks of a Different World

**T**he markets are raging! They roar tumultuously toward an uncertain end. Meanwhile, the fates of billions hang in the balance, as we look to the future with fear and trepidation. The truth is that we've created a monster, as a beleaguered and mismanaged corporate agenda continues to wreak havoc on cities, sovereign governments, and communities everywhere. There is no doubt that the turbulence we are experiencing was brought on by our very own miscreations; however, the question remains: How do we move confidently toward the future while ensuring we do not repeat the mistakes of the past?

## **RIGHTING THE SHIP: MANAGING THE COMPLEXITIES OF A NEW AGE**

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While we forge steadily toward a future of unlimited possibilities, at the center of these turbulent yet fascinating times sits the corporation. The commercial corporation has been in existence since the seventeenth century, yet, despite its storied history, still struggles to effectively govern its varied activities. Furthermore, the corporation of the twenty-first century is like none other, for it has become a critical aspect of almost every facet of life on our planet.

It is truly the most powerful and ubiquitous force in an unrelenting, high-stakes global marketplace. Think of the many ways corporations play a pivotal role in our society, mainstream culture, and economic lives. Think of the role they play in your very own community.

To make matters worse, government has often needed to step in to provide much-needed oversight of corporate activities. There was the savings-and-loan (S&L) crisis of the 1990s, Sarbanes-Oxley, and now recently enacted

Dodd-Frank legislation that was put in place on the heels of the 2008 credit meltdown. While often government intervention is necessary in order to protect the system, it is often reactive and done in order to avert a crisis. Although we must be responsive to a national crisis, shouldn't we find it indefensible that we've grown accustomed to addressing systemic issues from a reactive, knee-jerk posture?

As our beloved guardians at the gate work tirelessly to piece together overnight solutions to address systemic issues, is this reactionary posture the right approach? Moreover, the public outcry for swift and decisive action during a crisis often contradicts and outweighs the need to exercise prudence and good judgment. Government has a formidable role in providing oversight of commercial activities; however, we are at a point in this country where the regulatory agenda has become overly burdensome.

During the past few decades, we've experienced a crescendo in the volume and intensity of regulatory oversight. As we move hastily into the twenty-first century we will experience even greater regulatory oversight. From Sarbanes-Oxley to the Basel Accords, from Gramm-Leach-Bliley to Dodd-Frank, the regulatory agenda continues with no end in sight. Think of the tremendous costs these requirements have added to corporate bottom lines.

To make matters worse, these costs are ultimately borne by you and me, the end user and consumer. These efforts, though well intended, will eventually cause the system to buckle under the intense burden of regulatory adherence.

Consider the world in which we now live and how, during the past decade, we've experienced such significant change. We live in unique and unparalleled times. Think of how just recently the credit markets were in a tailspin, ushering in an unrelenting and debilitating recession. Of how the auto and financial services industries were on life support, and how the saber rattling between nations, tribes, and people even today continues at fever pitch. When we consider the state of the environment, along with deteriorating health and social conditions across the planet, we attempt mightily to manage the risks and complexities of an ever-changing world.

We also sit at the most critical juncture in Earth's history: On one hand lies a future of unparalleled promise; on the other, a world filled with tremendous uncertainty. However, the truth is that we can no longer count on the old ways of managing our most critical systems; we must look to new models by which to govern a new age.

In addition to these formidable challenges, corporations continue to struggle to keep pace with an ever-changing world. As change continues at an unprecedented pace, the marketplace will continue to become even more dynamic and volatile. Coupled with this is how quickly we've moved into

a truly global marketplace. As the Internet and technology have removed geographical boundaries and business has become ubiquitous, many corporations now serve and manage a global footprint. This reality is placing additional strain on corporate agendas and resources as the governance of activities has become more complex, integrated, and dispersed.

The time has come for organizations to change. Companies must change the manner in which they govern internal activities, for the cost is too high for society to bear. Regardless of how ubiquitous and powerful the corporation has become, it has failed to regulate itself. It's time for corporations to take control of their destinies by transforming within. This change must occur from inside their hallowed walls, rather than being mandated from the external forces of government regulation and political influence. Yes, the time has come for stronger self-regulation. It's time to rethink business!

## **THE UNTOLD STORY OF WACHOVIA'S DEMISE: THE RISE AND FALL OF AN INDUSTRY GIANT**

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It was Friday, September 26, 2008, around 11:00 in the evening. It was a clear and cool autumn evening. As I made my way home after entertaining a few out-of-town business guests, my mind began to drift slowly, far away into the distance. I was in a fog! The events of earlier that day created a dark cloud of despair, and a deep sense of anxiety loomed over my head. To make matters worse, a state trooper had just pulled behind me and turned on his lights. After finally realizing what was occurring, I slowly pulled over to the side of the highway and anxiously waited. What could I have possibly done wrong? Why was I being pulled over? The tension and anxiety began to build!

After what seemed like an eternity, I was startled by a pointed tap on the glass. As I rolled down my window, I was greeted by the trooper. With a surprised look on his face, the trooper asked, "Are you okay, sir?" I replied, "Yes, I am." He then asked, "Are you sure?" In a frustrated and irritated tone, I answered, "Yes, I am, I'm sure, why? What did I do?"

"Well, I've been following you for a few miles and you have been swerving repeatedly to the right, as if you were about to drive off of the highway. I'm going to have to give you a few field sobriety tests," the trooper said. I ended up passing the tests; however, what dawned on me that very moment was how emotionally immersed I had become with the events of the day—so much so that I became overrun with an overwhelming sense of apprehension and fear.

It was that fateful day when the proverbial writing had been written on the wall, as the day's events signaled the coming demise of Wachovia. That Friday was a crazy day, as I had become deluged with myriad phone calls, conversations, and e-mails concerning the fate of Wachovia. These

conversations were with former colleagues, employees, and others who were associated with the bank. Many of them still played significant roles at the bank. We were all anxious.

Those of us who were no longer at Wachovia had similar concerns. We all owned company stock and stock options, and were concerned about our pension. Those who remained were concerned about whether they would have to pack up their boxes in the next few days and be required to leave. We were all worried about whether Wachovia would survive through the weekend as conditions regarding the bank's financial status were rapidly deteriorating.

This was the Friday right on the heels of the federal government's intervening to save Washington Mutual by seizing it and arranging the sale of most of its operations to JPMorgan Chase. As news of this transaction spread and as the market was in a tailspin due to instability as a result of the credit crisis, questions began to arise about Wachovia's stability and liquidity. And remember, Lehman Brothers had just failed a few weeks earlier. On that Friday, Wachovia's stock was in a free fall.

Rumors that day began to emerge regarding a silent run on Wachovia's deposits. We would later discover that these rumors were well founded, as many of Wachovia's commercial customers began to draw down their balances to below the \$100,000 limit that the Federal Deposit Insurance Corporation (FDIC) insured. Approximately \$5 billion in deposits was lost that day. There were also rumors that Wachovia was in the midst of talks with Citigroup and Wells Fargo.

The concerns were so serious that many wondered if Wachovia would make it through the weekend. These concerns prompted FDIC Chair Sheila Bair to declare that Wachovia was "systemically important to the health of the economy and therefore could not be allowed to fail." This was no routine announcement, for it was the first time that the FDIC had made this determination since the 1991 passage of a law that allowed the FDIC to handle large bank failures on very little notice. To confirm the state of emergency concerning Wachovia, on the evening of September 28, Blair called Wachovia's then-CEO, Brian Steele, and informed him that the FDIC would be auctioning off Wachovia's assets.

Eventually, Wachovia would be purchased by Wells Fargo, with most of its banking operations intact. Although Wachovia technically survived through Wells Fargo's purchase, its overnight failure evidenced one of the most significant events in banking history.

### **A Legacy to Be Proud Of**

"Come to the mountain called First Union, or if you prefer, the mountain will come to you"! These were the words that bellowed from a deep and

enchanting voice in First Union's newly released commercial. The commercial was especially created to position the bank's powerful new brand. It was a branding approach that would serve as a key plank of First Union's strategy to becoming a national player.

CEO Ed Crutchfield desired to quickly build his branch banking network into a power national franchise. And it was his carefully positioned branding effort, coupled with an aggressive acquisition spree, that would serve as the launching pad in its new chapter.

It was the fall of 1998, and I first saw the commercial as a new recruit during the first hour of my orientation into the Finance division. The leaders managing the orientation were proud of the new ad and, more important, First Union's new strategic direction. The entire company was excited, as it was on the heels of two significant acquisitions, both signaling that the best was yet to come. You could feel the energy in the air while interacting with employees in different pockets of the organization. There was no doubt our future was bright!

Three years later First Union would purchase Wachovia, and the once fledgling interstate banking operation would blossom into a financial services powerhouse!

At its height, Wachovia was one of the largest financial services institutions in the United States, amassing a banking empire that stretched from New York to California. Its banking franchise extended to every major market from Miami to New York and continued throughout the Midwest, South, and all the way to the Pacific Coast. In addition to its extensive network of branch banking operations, Wachovia was well positioned in each major market it served.

Its banking footprint served coveted metropolitan markets such as Philadelphia; Washington, D.C.; New York; New Jersey; Atlanta; and South Florida, to name a few. Wachovia did not merely maintain a presence in these markets but it dominated these major metropolitan centers, often ranking as the number one or two bank.

Wachovia was also a great place to work, and my colleagues and I enjoyed working for such a fine organization. During those glory years, Wachovia had garnered top industry accolades and awards for being a great place to work. There were formidable challenges that we overcame during those years, but Wachovia was on a tear, as we were in the midst of tremendous growth and success. Throughout its storied history, Wachovia had become known as a merger-and-acquisition juggernaut, as over time this strategy served as the cornerstone for its growth. From the early First Union days, its renowned CEO, Ed Crutchfield—or Fast Eddie, as Wall Street would call him—went on an acquisition spree and snatched up more than 70 deals in a span of 10 years. He was a force to be reckoned with as

his spirited will served as the driving force behind First Union's success. Within that period, he took Charlotte, North Carolina's, third-largest bank and transformed it into the nation's sixth largest bank, amassing close to \$260 billion in assets in 1998.

It was through the efforts of Ed Crutchfield and Bank of America's legendary leader Hugh McColl that Charlotte, North Carolina, developed into a global banking center. After the landmark 1985 Supreme Court ruling upholding regional interstate banking, their visionary and aggressive efforts served as the catalyst for Charlotte's emergence onto the national banking scene.

Prior to retirement, Crutchfield selected Ken Thompson to become his handpicked successor. Thompson, as First Union's newly crowned CEO, would follow in his mentor's footsteps, orchestrating some of the largest deals in banking during this time. From 2001 to 2007, First Union quickly grew its banking footprint.

In April 2001 it announced a historic merger with in-state rival Wachovia bank. First Union would shed its name in place of the more favorable Wachovia brand. This was a watershed event for both banks, as it laid the foundation for a formidable financial services organization that would soon be catapulted toward the very top of the industry.

The historic merger of Wachovia and First Union was followed by a slew of acquisitions. In 2003 it purchased Prudential Securities, which was quickly followed by the 2004 acquisition of Birmingham-based South Trust Bank. These transactions were followed up by two other significant deals: first the September 2005 purchase of auto finance leader WestCorp, which was followed by the May 2007 acquisition of Golden West Financial. Also in May 2007 Wachovia purchased brokerage industry powerhouse A. G. Edwards.

Wachovia's meteoric rise, fueled by these transactions, quickly cemented its position as a banking industry leader. It garnered Thompson the coveted Banker of the Year Award in 2005 along with numerous other industry awards, and Wachovia was recognized as Bank of the Year by *BusinessWeek* in 2002. By the end of 2007 Wachovia had become the darling of the industry. It had become the nation's fourth-largest bank by asset size, with deposits exceeding \$700 billion; boasted one of the nation's largest brokerage companies, with more than 18,000 registered representatives; and now possessed a banking footprint that stretched from sea to shining sea. Wachovia had also developed a stellar track record of delivering outstanding customer service. It was recognized as the top-rated bank in customer service by the American Customer Satisfaction Index (ACSI), a survey of consumer satisfaction conducted by the University of Michigan Business School, for five straight years.

However, things were not all well with Wachovia, as the debilitating credit crisis would soon reveal.

### **What Went Wrong**

What happened? How could such a financial services powerhouse be brought to its knees so quickly? Yes, the credit crisis significantly impacted Wachovia, but was there more to this story? Indeed, there was!

Two fundamental things went wrong at Wachovia, and one would eventually build on the other. The first was Wachovia's inability to organically grow its core banking business, and the second was its failure to follow its own internal merger due diligence process. However, the pivotal misstep that served as the primary catalyst of Wachovia's sudden demise in 2008 was ironically tied to its rigorous due diligence process in acquiring banking franchises it purchased.

Wachovia bought mortgage giant Golden West at the peak of the U.S. housing boom. As the course of events would later unfold, the timing of this purchase, coupled with Golden West's concentration in mortgages and the quality of its portfolio, would prove to be the cause of Wachovia's final demise. However, Thompson viewed Golden West as a huge prize, as it would not only provide him with a more formidable retail and secondary mortgage business but bring him what he coveted most: a truly national footprint.

The Golden West acquisition gave him a strong presence in the West, and most important, California, a state that provided a thriving and robust economic opportunity for financial services. Although the timing of this acquisition was not the best, there were other, more fundamental core business issues lurking behind the scenes. I might add that these issues are no different than those that arise at other companies regardless of industry.

The catalyst behind Wachovia's final demise had to do with simple management decisions and the failure to manage critical processes appropriately. The Wachovia story is one that could be told at many organizations, as it highlights the criticality of ensuring that fundamental processes are followed, even for the most routine of activities.

It is no secret that Wachovia's top brass coveted California and desperately desired to expand west. It was a strategic imperative! So when the opportunity arose to acquire Golden West, Wachovia hastily seized the moment. It was later revealed that Thompson purchased Golden West even though his board of directors was not supportive of the deal. However, because of his overzealous desire, the due diligence process in evaluating Golden West's assets was less than desirable.

Although Wachovia had built up a strong culture and industry-leading merger and integration capabilities, it failed to follow through in carefully assessing Golden West's mortgage portfolio. Even more fundamental than the failure to thoroughly assess Golden West's mortgage portfolio, Wachovia was challenged in its ability to grow organically. This was no secret, as internally we tried desperately to organically grow and build our existing business.

This challenge to organically grow came from the inability to cross-sell products and services to existing customers and garner a larger portion of our customers' coveted "wallet share," which, ironically, Wachovia's successor, Wells Fargo, is a master at doing. Therefore, over the course of several years, Wachovia grew through an aggressive campaign of acquisition and merger.

This is a critical point in that although growth through merger is a formidable strategy, it must be balanced in business by an organization's ability to leverage its internal assets to fuel growth. Growth in business must be balanced. Further, an overreliance on acquiring growth, regardless of the short-term results, will eventually take away an organization's ability to build other critical core capabilities.

## **A SYMPTOM OF A MUCH LARGER CHALLENGE**

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What happened at Wachovia is no different from what has occurred at other high-flying corporations over the past few decades. There was Enron, Lehman, AIG, Burger King, Pan Am, and Blockbuster, to name a few. Although some of these organizations are still a part of our commercial landscape, there are still important lessons to learn from their missteps (I will highlight several of these organizations in Chapters 2 and 3). We also have lessons from the systemic crisis of the S&L failure of the 1990s as well as the mortgage crisis of 2007 to learn.

In observing the fall and eventual missteps of these organizations and our systemic failures, they all were initiated from within. They centered on some very fundamental risk and business themes. These fundamental themes include the failure of internal governance processes, the inability to keep pace with competitors and marketplace trends and realities, and failure to balance critical business activities.

We are moving into an era where we can no longer afford to withstand the type of systemic failures we've experienced over the past few decades. We live in a time of unprecedented opportunities. However, with these opportunities comes intense pressure on business to move and operate with great prudence, agility, and speed. Think about what has transpired over the past 25 years and how the Internet and technology have transformed our personal lives and the marketplace.

These changes—and the fact that because of technology we live in a truly global community—have provided unparalleled opportunities. Despite these opportunities, business and the corporation must respond in kind to the new paradigm. No longer can the corporation afford to manage its structure and govern its activities in the same manner it has for the past 50 or so years.

Across industries, organizations of all types, shapes, and sizes do respond to change with success. We find pockets of success that span industries, as very often we can find best practices that propel these organizations to the very top of their industry class. I also realize that, as we speak, many corporations are experiencing record earnings and years of success.

We also find that in times of austerity or market turmoil, organizations struggle to find their footing, often scrambling to implement some efficiency or new revenue initiative. The same can be said in times of prosperity, as history has shown that organizations frequently become victims of their own success and fail to consistently apply a certain discipline and rigor to their internal activities.

I know from my own experience at Wachovia how we struggled to maintain a culture that consistently applied routine processes. In times of prosperity we would spend little time thinking about efficiencies or ways to reduce expenses; however, whenever we predicted a quarterly earnings shortfall or it was forecasted that we had a difficult year ahead, the call would go out for everyone to contribute their portion to “the expense reduction pool.” Or from time to time the CEO would announce a major enterprise-wide expense reduction initiative whose objective was to provide a one-time reduction to expenses, but also signal to the street how serious we were in fostering an environment of efficiency and expense control.

To implement the initiative, he would place a key lieutenant or rising corporate star to “run herd” over the effort. However, these valiant efforts occurred infrequently, and as soon as we completed the exercise and all the contributions were counted, we would settle into the old ways of doing things. And, quite often, many of us would work very hard to protect our very own sacred cows. Observing these efforts firsthand made me wonder: Shouldn’t specific types of activities be an inherent part of an organization’s DNA or culture? Wouldn’t good corporate management ensure that an organization, division by division, has instilled in it a process that would continually seek and evaluate organizational efficiencies? I will provide more commentary on the importance of organizational efficiency in Chapter 4.

Even industry banking leader Wells Fargo, Wachovia’s successor, has trouble fostering a culture of efficiency. In 2011, CEO John Stumph announced a significant cross-enterprise expense reduction effort. Called Project Compass, Wells Fargo hoped the program will drive out \$1 billion in expenses from its bottom line within 12 months.

The company has mastered several key business levers, but shouldn't Wells Fargo, like other corporations, be adept at managing other critical levers or organizational disciplines consistently, rather than a onetime effort? Can't we observe that pattern here again? We are in a period of austerity—especially banks, as marketplace dynamics and the yield curve have placed intense pressure on banks to grow earnings. As growth is difficult in this environment, cutting costs and reducing expenses is a natural lever. However, shouldn't these practices be embedded in organizations?

## **THE BURNING PLATFORM: WHY THE NEED FOR CHANGE**

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The need to change the way organizations manage their activities is being driven by several factors. These include technology, how interdependent and connected we've become, globalization, the speed of transactions, and complexity. These factors are all tied to the tremendous change we are experiencing in our world.

Think about how interdependent we've become regarding global investment, and how the debts of many foreign nations affect the global marketplace. Consider how individuals, corporations, and sovereign nations alike are investing in corporations and interests across our planet. Or even think about how many of the top-performing corporations have come to depend on revenue and efforts from operations in all corners of the globe.

Along with this dependency on global operations and revenue comes the need to manage and coordinate resources and activities across several continents and time zones. Even if an organization operates solely domestically, the increasing pace of activity is mind-boggling, as technology and the Internet have enabled us to communicate and transact business at lightning speeds. The speed and ubiquity of business have added complexity to internal operations, imposing a greater need to ensure that internal activities and resources are carefully coordinated, consumed, and aligned.

As great an impact as technology is having on business, it is having more of an impact on us as individuals. Technology has affected our lives and transformed our behaviors in many ways. Think of all of the ways technology has transformed the way we interact, transact business, and behave: texting, the iPhone, navigation systems, working remotely, the ability to download movies and music to handheld devices, as well as buying goods and services online. Technology's impact on our lives hasn't even reached a crescendo; technology will continue to transform our lives at a dizzying pace, in ways we cannot imagine.

These factors all indicate that we are leveraging square pegs to address the needs of a round-hole world!

## **LEVERAGING THE POWER OF PEOPLE**

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Our new era also calls for a new way to leverage and lead employees, as the paradigms of the past no longer fit the realities of today. Technology has transformed our lives and will be a key differentiator for those organizations that leverage it to empower their people. Think of the volumes of information now available to us, all at the push of a button; how through our laptops we are privy to a world without boundaries.

Leveraging employees, who are at the epicenter of delivering value to customers and shareholders, will become more of a competitive advantage as technological capabilities continue to advance. Consider the specialized and in-depth knowledge employees have of critical customer preferences, behaviors, and expectations. This also holds true as they have an intimate understanding of how core processes and internal operations really work. Unleashing these critical resources through the power of technology will drive incremental value.

As the marketplace, and more specifically, competitors, access and utilize talent from around the world, building a culture that promotes learning and the building of new capabilities will help to ensure globalization. Also, the battle to recruit and retain the best and most talented resources will continue to intensify, as globalization has provided access to new pools of resources.

Engaging employees and connecting with them is even more important in this new age. This is of paramount importance in the twenty-first century as a typical employee's "mindshare" is bombarded with a host of distractions. Think of the limited "bandwidth" we face, as each day our lives are filled with a confluence of texting, tweeting, and e-mailing. This is not to mention how easily we become distracted by LinkedIn and Facebook, or for that matter easy access to fascinating online headlines and articles. These realities underscore the importance of employee engagement and ensuring that they connect with an organization's mission and core values.

However, these opportunities all hinge on one of the oldest and most basic factors: trust. Enabling employees and eventually empowering them can be realized only through the building of trust. Providing employees with the tools to make important decisions is only a part of the answer. Allowing them to make the important decisions will eventually result in true empowerment.

The world we live in today—and tomorrow—will no longer be forgiving of corporations' missteps and reliance on antiquated systems of internal governance. In today's marketplace, organizations can quickly slip into obscurity or wreak havoc on us all; we have seen how individual corporate miscues can easily add up to systemic chaos. The time has come for business to adopt new ways of ordering and governing internal activities in a manner that keeps pace with complexities and demands of the times.

These new principles or activities should be centered on adopting more holistic models for managing strategic risk. This would assist in unleashing organizational creativity and innovation, and fostering strong organizational governance structures and systems of accountability. Undisciplined, fragmented and reactive management of external market forces and internal demands are inadequate to meet the demands of the twenty-first century. Further, unwinding and measuring risk after a catastrophic or major event is far too late. “The horse will have already left the stable” at that point. Corporations must adopt more holistic management practices to govern themselves. But where can we find the answers to address these very simple—yet at the same time complex—answers? Today, I propose that we look to nature, for it is the space where mankind has looked to model our wonderful world for thousands of years.

### **A WORLD OF PATTERNS: DOES NATURE HOLD THE ANSWERS?**

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We live in a world consisting of a kaleidoscope of patterns. These patterns often possess critical cues as to how life on our planet functions, from the patterns in nature, mathematics, and science to the patterns that are responsible for the way humans live and process information. We are a part of an existence that is governed by myriad intricate and amazing processes, systems, subsystems, and interdependencies.

These patterns and themes play a pivotal role in the basic design of the planet and are at the core of how our world works. No matter how complex and intricate our natural world is, its basic structure and the way it is ordered are simple.

Let’s consider a very simple example. Think of the anatomical makeup of living creatures. Most creatures share similar functions and systems, including reproductive, skeletal, muscular, and respiratory systems. These common systems or elements span a wide array of creatures, including mammals, reptiles, and amphibians. This includes animals such as birds, fish, frogs, snakes turtles and include us human beings. Although there is variation in the manner in which these common systems work, they all follow a similar pattern that spans each class of creature.

These patterns even transcend the animal kingdom and can be found in the plant world, as well. All plants possess similar processes and systems that serve as the foundation of how they operate, including their reproductive system, or even fundamental elements that serve the same functions as animals’ skeletal and respiratory systems.

It is critical to identify and track these patterns and themes because they are at the core of how our natural world works, and they can provide us with models of how to structure our man-made world. Following patterns and themes in nature is not new; throughout time, man has looked to nature in order to design objects for his own use. Think of the airplane and the bird, the camera and the eye, ball joints and the shoulder joint, radar and bats, and even the pump's relation to the heart. These are just a few examples of the many that exist in our world.

Leonardo da Vinci, who to this day is considered one of the greatest minds in history, took lessons from nature. He is credited with inventing and pioneering work in many areas. Da Vinci is considered the father of the science of embryology and was the first to make detailed study of the human fetus. He also designed early versions of the airplane, military tank, helicopter, and submarine equipment. Even before Charles Darwin, da Vinci devised a theory that foreshadowed that of evolution. Da Vinci mastered and explored diverse and complicated subjects such as engineering, archeology, botany, and anatomy. The secret behind da Vinci's great genius was that he was a student of nature. Da Vinci believed that nature held all the answers on how to build and design our world. As a child and young man, da Vinci strove to understand in great detail how nature worked. He mimicked nature and, as such, was a pioneer in almost every field. Da Vinci saw subjects not as disjointed but as interconnected and inseparable.

In this spirit, and following what man has leveraged over thousands of years, I believe there is also a pattern in our natural world that will assist us in this new day. This pattern will effectively assist us in managing the most formidable forces that undermine a company's strategic objectives, enabling us to *master strategic risk*. Embedded in all systems in our natural world, this pattern can be applied to systems in the world we have created for ourselves. If we have looked to nature to create most of our man-made world and provide us with many of our modern-day conveniences, why should we not look to it to assist us in structuring how we manage organizations?

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